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SLATER,
WALKER
SECURITIES
LIMITED

Report and Accounts
1972

Slater, Walker Securities Limited

Report and Accounts 1972

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Directors

Directors	J. D. Slater (Chairman) A. J. H. Buckley (Managing Director) F. R. R. Rowe (Deputy Managing Director) R. C. Tarling J. Ford I. H. Wasserman M. J. Booth J. K. O'Donnell
Secretary	C. D. MacInnes
Registered Office	30 St. Paul's Churchyard, London EC4M 8DA
Registered Number	308372 England
Auditors	Arthur Young McClelland Moores & Co., Chartered Accountants
Bankers	National Westminster Bank Limited
Solicitors	Clifford-Turner & Co. D. J. Freeman & Co.
Registrars	Midland Bank Limited, Registrar's Department, Beaufort House, St. Botolph Street, London EC3A 7ED

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of Slater, Walker Securities Limited will be held at The Connaught Rooms, Great Queen Street, London, W.C.2, on Tuesday, 5th June, 1973, at 11.30 a.m. for the following purposes:—

1. To receive and consider the Statement of Accounts for the year ended 31st December, 1972, and the Reports of the Directors and Auditors thereon.
2. To declare a final Ordinary dividend.
3. To elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditors.

By Order of the Board

C. D. MACINNES
Secretary

24th April, 1973.

- Notes:
1. Only the holders of Ordinary shares are entitled to attend or to be represented at the Meeting. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. Such proxy need not be a member of the Company. A proxy card is enclosed.
 2. To be effective, the form of proxy, duly completed, must be lodged with the Company at the offices of its Registrars, Midland Bank Limited, Registrar's Department, Beaufort House, St. Botolph Street, London EC3B 3NH, not less than forty-eight hours before the Meeting.
 3. No service contract exists with any Director which is not determinable by the Company or its subsidiaries within one year without payment of compensation.

Nine Year Record

Earnings, assets and dividends per Ordinary share of the Company since 1964

Year ended 31st December	Earnings	Net Assets	Gross Dividends
	p	p	p
1964	0.81	11.87	0.78
1965	1.28	16.87	0.94
1966	1.61	18.43	0.94
1967	2.89	25.31	1.69
1968	7.98	67.50	2.25
1969	10.85	69.26	4.50
1970	11.49	74.67	5.62
1971	14.02	99.25	6.19
1972	17.10	160.36	6.49

Notes:

1. Earnings, assets and dividends per share have been adjusted to allow for the one-for-three capitalisation issues made in April, 1966, February, 1968, June, 1969 and July, 1972 and, in accordance with the new standard accounting practice, earnings are calculated on the weighted average of Ordinary shares in issue during the year.
2. The earnings per share for 1964 have been calculated on a Corporation Tax basis.

Chairman's Statement

The net profit of the Group, for the year ended 31st December, 1972, after taxation, minority interests and transfers to inner reserves of a banking subsidiary was a record £12,176,067 against £9,511,517 for the previous year. This represents an increase of 22% in earnings per share.

In August your Directors declared an interim ordinary dividend of 13% on the share capital as increased by the one-for-three capitalisation issue in July, 1972. It would have been their intention to recommend a final dividend of 22% making a total of 35% compared with the rate of 33% forecast last year. Unfortunately, the Government's measures for dividend control do not permit us to increase the total dividend for 1972 by more than 5% of the gross amount of ordinary dividends declared for 1971. This means that the final dividend will be restricted to 12.98% making a total of 25.98% for the year.

As the final dividend will be paid under the new imputation tax system, it will be expressed not as a gross dividend of 12.98% but as a dividend of 9.08%, being the cash receivable by shareholders. This is purely a technical alteration and does not affect either the amount of cash receivable by shareholders or their tax position. The Government action with regard to dividends was a particular disappointment to your Directors, as the Company's anticipated progress in 1973 would have enabled them to forecast dividends at the rate of 40% for the current year compared with the 35% which they would have recommended for 1972. It is your Directors' intention to pay dividends at a rate equivalent to 40% as soon as legislation permits.

The year 1972 was one of great progress for your Company. Our commercial and investment banking, property and insurance interests have all been developed substantially, and we have achieved last year's prime objective of commencing operations in Europe. We now have significant investments in quoted companies in Belgium, France, Holland, Spain and West Germany. Our prime objective in 1973 is to start operations in the United States of America where we have been exploring investment opportunities for the last nine months.

Shareholders will be pleased to see that the Company's consolidated balance sheet is again significantly stronger than last year. Gross assets have increased from £280m. to £469m. and shareholders' funds have increased from £73m. to £117m. Our liquidity is excellent and our cash resources are very substantial. An increasing proportion of your Company's assets is now invested overseas in countries where your Board considers investment prospects to be favourable.

Much of my statement this year is taken up with overseas activities as these have become progressively more important to our business. As well as being of great benefit to shareholders, these activities make an increasing contribution to this country's real wealth and the long-term balance of payments position. Your Company's consolidated balance sheet includes overseas investments with a market value of £72m. and the overall market capitalisation of our overseas interests now exceeds £300m. This position has been achieved mainly during the last three years from a very small base, and I am hopeful that progress overseas during the years ahead will continue on a significant scale.

In addition to your Company's strengthened asset position, there has been a considerable improvement in the quality of your Company's earnings. An increasingly large proportion of your Company's profit each year stems simply from the deployment of its continually increasing gross assets. Banking and investment advisory fees are now very substantial and are largely earned without the employment of capital. Your Company's principal insurance subsidiary is still a young company and its contribution to future profits should be increasingly significant.

I will now report on the highlights of the year, and give a brief outline of our activities.

1. Investment and Commercial Banking

1972 was another very active year for the investment banking activities of our banking subsidiary, Slater, Walker Limited, and corporate finance fees increased to a record level.

Chairman's Statement

Whilst we cannot expect activity in the U.K. to remain at such a high level, we anticipate developing our investment banking activities on an increasingly international basis. We have recently established companies in Europe and these, together with our longer established associated companies in other parts of the world, provide an excellent nucleus for a truly international banking business. In the U.K. we shall continue to invest selectively in young and expanding companies which have above average growth prospects.

During the year under review the net assets of Slater, Walker Limited, increased from £9.7m. to £14.7m. and the gross assets increased from £108m. to £212m. This significant expansion is also reflected in an increase of 42% in advances and of 95% in deposits.

In 1972 we also opened the first regional office of our bank in Birmingham. Subsequently, regional offices have been opened in Bristol, Glasgow and Manchester, and further offices are planned for Leeds and Southampton which will be open before the end of the year. In this way we intend to extend the opportunities for generating new business and to offer, in each locality, corporate finance, instalment credit, insurance and investment management services. There will be strong local management for each activity housed at these offices, thereby enabling decisions to be taken speedily and on the spot. The response to the regional offices which have already been opened has been encouraging and we anticipate that they will provide a valuable source of future business.

Our two banks in the Channel Islands, Slater, Walker (Jersey) Limited and Slater, Walker (Guernsey) Limited continue to make good progress and we expect that they will benefit from the Channel Islands' special status within the enlarged European Economic Community. Slater, Walker (Isle of Man) Limited commenced operations during the year and has made a most encouraging start.

In its first full year of operation our credit finance subsidiary, Slater, Walker Finance Corporation Limited, has made excellent progress and was accorded official recognition as a bank. It now has fifteen

branches in Great Britain and offers a wide range of financial services complementary to those provided by Slater, Walker Limited.

Since the end of the year, Mr. R. Valentine has been appointed a Managing Director of Slater, Walker Limited with specific responsibility for developing our commercial banking activities both nationally and internationally.

2. Investment Management

Slater, Walker Investments Limited had another excellent year and there was a further increase in the funds under management.

Three new quoted investment trusts have been launched since my last statement. Two of these, Slater, Walker Australian Investment Trust Limited and Slater, Walker Far Eastern Investment Trust Limited, were launched in May and June shortly after the lifting of the restraints previously applying to investment in the old Sterling area. At the year-end both these trusts showed a substantial increase in net asset value. The third trust, Whinsparken Investments Limited, was launched in November with the object of investing in smaller U.K. quoted companies.

The other major investment trusts under management, Slater, Walker Investment Trust Limited and Slater, Walker Dual Trust Limited also performed well, recording increases in net asset values substantially above the rise recorded by the F.T. Actuaries All-Share Index.

Two new unit trusts, the Slater, Walker Professional Trust and the Slater, Walker Status Change Unit Trust, were launched during the year and each met with a very successful response.

The seven Slater Walker authorised unit trusts all outperformed the F.T. Actuaries All-Share Index, as did the two Jersey-based unit trusts advised by Slater, Walker Investments Limited. In February, 1973, Slater, Walker Trust Management Limited became a member of the Association of Unit Trust Managers.

There was a considerable increase in the number of private clients during the year and Mr. R. Porter, who is responsible for this activity, was appointed a Director of Slater, Walker Investments Limited in November, 1972.

Chairman's Statement

3. Insurance

Slater, Walker Insurance Company Limited made considerable progress during the year. The long-term insurance fund has been increased from £8.5m. to £37m. and the general branch wrote a premium income of over £1.7m. in its first full year of operation.

The range of policies issued by the life branch is being progressively extended and over the years we intend to establish a complete insurance service. The general branch has received excellent support from insurance brokers which is most gratifying as this has enabled us to make a very good start with a wide spread of business. We intend to continue the development of this branch of the business, both in the U.K. and overseas.

It is essential for a young insurance company to build up reserves and priority has been given to this. As a result, the profits of the company for 1972 are small but I am confident that a sound foundation has been laid for what will be a substantial and increasing source of profit in the future.

During the year the board of this company was strengthened by the appointment of Mr. M. J. Taylor as Financial Director.

The process of merging the operations of Blackburn Assurance Company Limited and The Pioneer Life Assurance Company Limited, which conduct mainly industrial life assurance business, is nearing completion. An extension to Pioneer's offices at Crosby is being erected and the new building will accommodate the combined administration of the two companies. The merger of the sales and collecting operations has been effected and this should result in substantial economies.

Mr. H. Clarke, formerly Marketing Director of Slater, Walker Insurance Company Limited, has been appointed Managing Director of Blackburn and Pioneer and we expect to see these companies make good progress during 1973.

4. Property

During the course of 1972 the Group consolidated and extended its interests in property.

Your Company now has a property investment programme of over £80m., including over £50m. of developments. Completion of this programme will provide over 2m. square feet of property, of which approximately 1.4m. square feet will be represented by offices. The benefit of the development programme will begin to flow through in 1973 with the completion of first lettings on our various projects.

Considerable progress was made in our development programme in France during the year and properties for investment and development have been acquired in Belgium and Holland.

We have had professional valuations prepared for two principal U.K. properties held for investment which has resulted in a surplus over book value of £10m. The buoyant market conditions experienced in 1972 enabled us to dispose of certain properties which had realised their full potential. The proceeds of these sales have been re-invested in investment properties and your Company continues to have confidence in the long-term growth potential of property. We now have a strong management team in this area and intend to establish a portfolio of high quality property investments.

Mr. J. K. O'Donnell, who has been extremely active in the development of your Group's property interests both in the U.K. and in Europe, became a member of your board in January, 1973. At about the same time the board of Slater, Walker Properties Limited was reconstituted to develop and manage our various property interests and Mr. C. R. Glyn was appointed joint Managing Director of this company with Mr. O'Donnell.

5. Overseas

(i) Australia

Slater Walker Australia Limited made good progress in 1972 and has reported a record profit for the year. In March, 1972, plans were announced to reorganise its quoted associated company, Mining Finance Corporation Limited, which has now been renamed St. James Properties Limited and has acquired a portfolio of investment and development properties. Its mining activities have virtually ceased with the exception of coal and tin mining where medium-term prospects are particularly encouraging.

Chairman's Statement

During the year, Australia's policy towards overseas investors was clarified by a number of measures devised both to control the acquisition of Australian assets by overseas interests and to restrict the flow of overseas funds into Australia. Such measures will have the effect of inhibiting further rapid expansion of our Australian interests within Australia, and as a result Slater Walker Australia has become increasingly active in international investment banking in conjunction with our associate companies in Singapore and Hong Kong.

(ii) Canada

During the course of the year, Slater, Walker of Canada Limited acquired the outstanding balance of Unas Investments Limited, significant holdings in two Canadian quoted companies, majority holdings in two substantial private companies and the whole of the issued share capital of R. C. Baxter Properties Limited, a property investment company.

Peoples Department Stores Ltd., in which Slater, Walker of Canada has a 27% interest, has continued to produce excellent results and St. Michael Shops of Canada Limited, formed jointly with Marks and Spencer Limited, has proved an extremely successful venture. It has opened four new stores and has acquired a chain of thirty other stores, a number of which will be converted into St. Michael Shops. In addition Slater, Walker of Canada initiated the successful take-over by Peoples Department Stores of Gordon MacKay & Stores Limited, which added a further forty-two branches to its operations in Eastern Canada.

As a result of its policy of acquiring significant holdings in quoted companies in Canada, Slater, Walker of Canada has developed a substantial investment banking business. Again the company looks forward to a further year of progress in 1973.

(iii) Europe

(a) Belgium

In June, 1972, your Company acquired a controlling interest in Compagnie Générale Foncière S.A., a small property company quoted on the Brussels Stock Exchange.

During 1973 the capital of the company will be increased by a rights issue and we are confident that the enlarged company will provide an excellent base for the further expansion of our activities in Belgium.

(b) France

In November, 1972, your Company acquired a majority shareholding in Compagnie Financière Haussmann S.A., a property company quoted on the Paris Bourse. Since then an office building of 80,000 square feet has been acquired, various minority interests in associated companies have been purchased and several potential acquisitions have been investigated.

We have a strong property team based in Paris who are well equipped to develop our interests in this particularly attractive investment area.

(c) Holland

In October, 1972 your Company acquired a controlling interest in Hellingman N.V., a property company quoted on the Amsterdam Stock Exchange. After this acquisition, the share capital of the company was increased by a rights issue which raised £2.5m.

In December, 1972, Hellingman acquired control of two further quoted Dutch companies, thereby increasing its stake in property by the addition of a portfolio of investment properties, together with an hotel which has since been leased to an hotel operating company.

(d) Spain

In March, 1973, we acquired, together with local associates, control of a small property company Inmobiliaria Velázquez S.A., which is quoted on the Madrid and Barcelona Stock Exchanges. This initial investment forms a base from which to develop our operations in Spain.

(e) West Germany

Our wholly-owned subsidiary, Slater, Walker Bank A.G., opened in Frankfurt in September, 1972. An encouraging start has been made and an excellent team has been recruited to provide a full range of commercial and investment banking services.

Chairman's Statement

In the investment banking field, a majority shareholding has been acquired in Steingutfabrik Colditz A.G., a small quoted industrial holding company, and a significant minority shareholding in Schubert & Salzer Maschinenfabrik A.G., a quoted engineering company. The share capital of Colditz is at present being increased by a rights issue and the expansion of our industrial and commercial interests in Germany will be based on this company.

(iv) Hong Kong

In January, 1973, our principal interests in Hong Kong were consolidated by transferring their ownership to Slater Walker Securities (Hong Kong) Limited (S.W.S.H.K.), a locally quoted company in which your Company and Haw Par Brothers International Limited have shareholdings of 45% and 22½% respectively. The interests transferred to S.W.S.H.K. were shareholdings in Slater, Walker Overseas Investments Limited (S.W.O.I.L.), Slater Walker Hutchison Limited, Hutchison International Limited, and Southern Pacific Properties Limited. During 1972 S.W.S.H.K. also acquired two major office blocks in Hong Kong and substantial minority shareholdings in locally quoted companies, principally The Sun Company Limited and Lok Holdings Limited (which have been merged) and Stellux Manufacturing Company Limited.

S.W.O.I.L. has had a successful year since flotation in March, 1972, and its asset value per share at 31st March, 1973, was approximately HK\$10 compared with an initial asset value of approximately HK\$5. During the year S.W.O.I.L. acquired a 10% shareholding in Sun Hung Kai Properties Limited, a leading Hong Kong property company.

Slater Walker Hutchison, the merchant bank, formed in July, 1972 and now owned 60% by S.W.S.H.K. and 40% by Hutchison International, has had an active and profitable first year of operation.

We look forward to a further expansion of S.W.S.H.K. during 1973.

(v) Singapore

Our investment banking associate in Singapore, Haw Par Brothers International Limited, made good progress in 1972 in

reinvesting the funds realised from the disposal of its former interests.

A substantial property portfolio has been built up and the past year has seen the successful formation of Haw Par (Merchant Bankers) Limited. Additions have been made to Haw Par's pharmaceutical and distribution activities. A rapid expansion was also achieved by Haw Par's three quoted associated companies. In Singapore, Motor and General Underwriters Investment Holdings Limited has reduced its dependence on motor insurance by the acquisition and integration of several trading companies and the development of a significant property portfolio. In Malaysia, a major shareholding was acquired with local partners in Island & Peninsular Development Berhad, a property company which also owns a large minority shareholding in Austral Malay Tin Berhad. In Hong Kong, a controlling interest was acquired in Kwan Loong & Company (Hong Kong) Limited, which has now been renamed Slater Walker Securities (Hong Kong) Limited with Haw Par retaining a substantial minority shareholding.

(vi) South Africa

Early in 1972 the various transactions with Unisec Limited and Hesinca Limited, referred to in my last statement, were completed and further expansion during the year has resulted in our shareholding in Slater, Walker Securities (South Africa) Limited being reduced to just over 30%.

Slater, Walker Securities (South Africa) in its turn had at the year-end substantial minority shareholdings in Unisec Limited, a large quoted investment trust, Norman Bank, Gillis-Mason Limited a substantial quoted property company and BG Securities Limited, a rapidly expanding industrial investment company.

Early in 1973, Slater, Walker Securities (South Africa) acquired the whole of the issued share capital of Grosvenor Consolidated Investments Limited and of Cape & Transvaal Printing and Publishing Company Limited. Both these companies have significant property interests and offer scope for rationalisation which has already commenced with the sale of certain assets to Hortors Limited for cash and a shareholding in that company.

Chairman's Statement

Slater, Walker Securities (South Africa) is concentrating increasingly upon its investment banking and property interests and is looking forward to further progress in 1973.

6. Future Prospects

Your Directors are confident of future prospects and for this reason we have purchased in the open market 33.4% of the outstanding U.S. Dollar Convertible Bonds, £374,492 of the Company's 8% Unsecured Loan Stock with subscription rights attached and 139,805 of the 1973 Warrants to subscribe for Ordinary shares. These have been purchased and cancelled to avoid any further dilution of your Company's equity capital so that existing Ordinary shareholders will obtain

the maximum benefit from the Company's future growth.

Your Company has never been in such a strong position. The long-term growth prospects of all facets of our business are excellent, our cash position is strong and our management team is young and able. Your board are therefore able to forecast with confidence that, in the absence of unforeseen circumstances, there will continue to be a progressive increase in earnings and assets per share in the years ahead.

I am sure that all shareholders will wish to join with your Directors in expressing our thanks to all our executives and staff, throughout the world, who have helped your Company develop to its present position and are the key to its success in the future.

J. D. SLATER

Chairman

4th April, 1973

Report of the Directors

The Directors present their annual report and the audited accounts for the year ended 31st December, 1972.

Activities of the Company and its subsidiaries

The Company is a holding company, whose principal operating subsidiaries and their activities are set out on page 27.

Group Profits and Turnover

The consolidated profit and loss account is set out on page 15 and shows the group profit for the year ended 31st December, 1972.

An analysis of profits by activity and, where appropriate, turnover, is given below:—

	1972		1971	
	Profits £'000	Turnover £'000	Profits £'000	Turnover £'000
Investment banking and other financial activities	15,604		12,497	
Insurance	559		823	
Investment Trusts	1,432		—	
Property	1,427		—	
Commercial and industrial activities:				
Rubber and plastic products	—	—	851	13,050
Textiles	158	—	369	9,917
Engineering and metal windows	1,791	—	2,629	31,107
Tanning extract	434	—	761	3,900
Optical services	—	—	112	801
Printing and stationery	721	—	361	3,570
Wholesale tobacconists	279	—	482	38,700
Other	387	705	(28)	23
		<u>705</u>		<u>101,068</u>
Less: Expenses of holding company including interest on Unsecured Loan Stocks	(5,200)		(2,572)	
	<u>17,592</u>		<u>16,285</u>	

Turnover comprises the net amounts invoiced to customers by subsidiary companies in the course of commercial and industrial activities.

A geographical analysis of the above profit is as follows:—

United Kingdom and Channel Islands	12,114	11,891
Australia	489	650
Africa	1,744	2,462
Europe	290	—
Hong Kong	2,118	—
North America	837	1,280
Other countries	—	2
	<u>17,592</u>	<u>16,285</u>
Export turnover included above (excluding sales by overseas subsidiaries)		<u>2,308</u>

Dividend on Ordinary Capital

An interim dividend of 13% less income tax was paid on 8th January, 1973, and a final dividend of 9.08% (equivalent to 12.98% less income tax) will be proposed at the Annual General Meeting to be held on 5th June, 1973. If approved, this dividend will be paid on 3rd July, 1973, to members on the register on 24th April, 1973, and to holders of the Company's 8% Unsecured Loan Stock 1973 and 1973 Warrants to subscribe for ordinary shares who exercise their rights on 31st May, 1973. The total dividend for the year will, therefore, be equivalent to 25.98% compared with the adjusted total of 24.75% paid in respect of the previous year.

Report of the Directors

Directors and Directors' Interests

All the Directors listed on page 2 were Directors throughout 1972, with the exception of Mr. M. J. Booth who was appointed on 3rd February, 1972, and Mr. J. K. O'Donnell who was appointed on 2nd January, 1973. In accordance with the Articles of Association Mr. O'Donnell holds office until the conclusion of the forthcoming Annual General Meeting and, being eligible, offers himself for re-election. The Directors retiring by rotation are Mr. J. D. Slater and Mr. R. C. Tarling who, being eligible, offer themselves for re-election.

The Directors and their immediate families were interested, beneficially unless otherwise stated, in the following shares and options of the Company and its subsidiaries at 31st December, 1972. Their interests at 1st January, 1972, or date of appointment, if later, are shown in blue. The subsidiary companies listed below were not subsidiaries of Slater, Walker Securities Limited at 1st January, 1972.

SLATER, WALKER SECURITIES LIMITED

	Ordinary shares fully paid		Options to subscribe for ordinary shares		Ordinary shares partly paid		Ordinary shares fully paid with restricted rights (Note 4(c), page 22)	
J. D. Slater	1,750,000	1,000,000						
A. J. H. Buckley	163,252	122,440						
F. R. R. Rowe	49,986	21,690						
R. C. Tarling	46,666	35,000	4,000	10,000				
J. Ford	50,000	26,000	Nil	28,554				
I. H. Wasserman	13,333	10,000			20,000	20,000	6,666	Nil
M. J. Booth	5,000	Nil			20,000	20,000	6,666	Nil

In addition Mr. J. D. Slater was interested in :—

7% Unsecured Loan Stock 1973	Nil	£2,000,000
1973 Warrants to subscribe for ordinary shares	187,500	Nil

Of his interests 281,732 (211,300) ordinary shares and 187,500 (Nil) 1973 Warrants to subscribe for ordinary shares were non-beneficial interests.

Since 31st December, 1972, Mr. J. D. Slater has acquired a beneficial interest in 210,618 fully paid ordinary shares and 187,500 Warrants to subscribe for ordinary shares which were included at that date in his non-beneficial interests. Mr. R. C. Tarling has exercised his options to subscribe for, and has subsequently sold, 4,000 fully paid ordinary shares.

Mr. J. K. O'Donnell, who was appointed a Director on 2nd January, 1973, is interested in 10,000 fully paid ordinary shares, 18,300 partly paid ordinary shares and 6,100 fully paid ordinary shares with restricted rights.

SUBSIDIARY COMPANIES

	Compagnie Financière Hausmann S.A. 50 FF shares	Hellingman N.V. 1,000 D.Fls shares	Compagnie Générale Foncière S.A. Shares of No Par Value
J. D. Slater	7,792	72	1,120
A. J. H. Buckley	7,792	72	1,120
F. R. R. Rowe	7,792	72	1,120

The Directors and their immediate families had no other interests, beneficial or non-beneficial, in the share capital, options, unsecured loan stocks or warrants of the Company or of any of its subsidiaries at 1st January, 1972 and 31st December, 1972.

There have been no other changes in the interests shown above between 31st December, 1972 and 4th April, 1973, the latest practicable date before printing this report.

No contracts of significance in relation to the Company's business in which Directors of the Company had an interest subsisted at any time during the financial year.

Report of the Directors

Substantial Interests

So far as the Board is aware no person is interested in 10% or more of the issued Share Capital of the Company.

Share Capital

Changes during the year are shown on page 21.

Loan Stocks

During the year the Company issued:—

- (a) £11,695,276 9 $\frac{1}{4}$ % Unsecured Loan Stock 1997/2002 in exchange for 7% Unsecured Loan Stock 1973 of the Company.
- (b) £10,000,000 9% Unsecured Loan Stock 1991/96 in respect of a placing for cash at £98 per cent.

Fixed Assets

Changes during the year are shown on page 24.

Employees

The average number of persons employed in the United Kingdom during the year by companies within the Group at 31st December, 1972, was 2,183 and their aggregate remuneration for the year was £2,913,653.

Political and Charitable Donations

During the year companies within the Group at 31st December, 1972, made the following contributions:—

- | | |
|---|---------|
| (a) For political purposes: Economic League | £2,500 |
| The Institute of Economic Affairs | £500 |
| The Progressive Tory Pressure Group | £3,000 |
| (b) For charitable purposes: | £17,060 |

Taxation

(a) The market valuation of Slater, Walker Securities Limited shares on 6th April, 1965, for the purpose of capital gains tax, after taking into account the one-for-three capitalisation issues of ordinary shares in April, 1966, February, 1968, June, 1969, and July, 1972, was:—

Ordinary shares of 25p each	27·39p
6 $\frac{3}{4}$ % Cumulative Preference shares of £1 each	68·75p

(b) The Company does not fall within the close company provisions of the Income and Corporation Taxes Act 1970.

Auditors

The auditors, Messrs. Arthur Young McClelland Moores & Co., have expressed their willingness to continue in office in accordance with Section 159 (2) of the Companies Act, 1948.

By Order of the Board

C. D. MACINNES
Secretary

4th April, 1973

Report of the Auditors

TO THE MEMBERS OF SLATER, WALKER SECURITIES LIMITED

In our opinion, based upon our examination and the reports of the auditors of the subsidiaries not audited by us, the accounts set out on pages 15 to 29 together give, so far as concerns members of Slater, Walker Securities Limited, a true and fair view of the state of affairs at 31st December, 1972, and of the results for the year ended on that date and comply with the Companies Acts 1948 and 1967.

ARTHUR YOUNG McCLELLAND MOORES & CO.
Chartered Accountants.

London,
4th April, 1973.

Consolidated Profit and Loss Account

Slater, Walker Securities Limited and Subsidiaries For the year ended 31 st December, 1972

1971

£	£		£	£
14,732,922		Profit of the Company and its subsidiaries after transfers to inner reserves of a banking subsidiary (Note 1 (c))		11,899,474
1,551,661		Share of profit of associated companies		5,692,986
16,284,583		Profit for the year before taxation		17,592,460
		Deduct: Taxation on profit for the year		
	4,324,369	Corporation tax	2,928,052	
	(36,951)	Double tax relief	(69,365)	
	747,976	Overseas tax	698,002	
	624,476	Associated companies	1,840,942	
5,659,870				5,397,631
10,624,713		Profit for the year after taxation		12,194,829
1,113,196		Deduct: Minority interests		18,762
9,511,517		Net Profit of the Group		12,176,067
		Deduct: Dividends (Note 2 (c))		
	193,408	Preference	213,030	
	1,699,153	Ordinary: Interim	2,287,703	
	2,618,711	Final	1,597,658	
4,511,272				4,098,391
5,000,245		Profit retained		8,077,676
	8,641,627	Undistributed profits brought forward	12,325,192	
	(94,881)	Difference on exchange on undistributed profits	184,489	
	(1,414,034)	Attributable to subsidiaries and associated companies disposed of in year	(470,404)	
	192,235	Prior year adjustments	200,401	
7,324,947				12,239,678
		Undistributed profit carried forward		
	2,758,593	The Company	3,778,610	
	8,974,485	Subsidiaries	12,736,204	
	592,114	Associated companies	3,802,540	
£12,325,192				£20,317,354
		Earnings per ordinary share of 25p (Note 3)		
14.02p		Basic		17.10p
		Fully diluted		16.20p

The notes on pages 20–29 form part of these accounts.

Slater, Walker Securities Limited

1971

£	£		£	£
16,457,183		Share Capital (Note 4)		21,037,280
43,886,486		Reserves (Note 5)		75,376,331
12,325,192		Undistributed Profit		20,317,354
72,668,861				116,730,965
45,130,001		Unsecured Loan Stocks (Note 6)		55,130,001
6,132,051		Long-term Loans of Subsidiaries (Note 7)		47,760,522
11,576,912		Minority Interests		5,841,548
4,011,597		Corporation Tax and Deferred Taxation (Note 8)		6,215,879
		Current Liabilities		
	124,721,569	Creditors, deposits and short-term loans (Note1 (c)) Secured : £898,129. (1971 : £1,044,739)	216,750,146	
	1,567,344	Current taxation	2,108,280	
	11,117,904	Bank overdrafts Secured : £4,292,433. (1971 : £31,209)	14,467,723	
	2,618,711	Proposed dividends	3,883,414	
140,025,528				237,209,563
£279,544,950				£468,888,478

The notes on pages

Balance Sheet

subsidiaries at 31 st December, 1972

1971

£	£		£	£
32,610,371		Fixed Assets (Note 9)		54,188,138
14,283,755		Insurance Companies at Cost (Note 10)		14,493,500
22,342,511		Associated Companies at Valuation (Note 11)		72,616,177
		Investments at Cost		
	19,128,700	Quoted in United Kingdom: Market Value £12,085,186 (1971 : £23,957,674)	10,602,658	
	596,794	Quoted outside United Kingdom: Market Value £7,584,731 (1971 : £560,778)	7,280,049	
	2,343,418	Unquoted : Directors' Valuation £2,535,220 (1971 : £2,756,740)	2,292,789	
22,068,912				20,175,496
		Current Assets		
	12,808,554	Stock and work in progress at lower of cost and net realisable value	410,582	
	101,063,042	Debtors, loans and advances	137,457,895	
	7,986,664	Properties held for resale	14,020,214	
	27,203,797	Investments : Value £41,956,072 (1971 : £38,650,979) (Note 12)	22,295,845	
	39,177,344	Bank balances and cash	133,230,631	307,415,167
188,239,401				
		J. D. SLATER } JOHN FORD } Directors		

£279,544,950

£468,888,478

part of these accounts.

Slater, Walker Securities

1971			
£	£		£
16,457,183		Share Capital (Note 4)	21,037,280
24,851,503		Reserves (Note 5)	21,139,971
2,758,593		Undistributed Profit	3,778,610
44,067,279			45,955,861
45,130,001		Unsecured Loan Stocks (Note 6)	55,130,001
		Current Liabilities	
	342,661	Creditors	2,362,232
	5,714,404	Bank overdraft	5,251,426
	2,618,711	Proposed dividends	3,883,414
8,675,776			11,497,072
£97,873,056			£112,582,934

The notes on pages 20–2

Balance Sheet

limited at 31st December, 1972

1971					
£	£			£	£
1,799,562		Fixed Assets (Note 9)			2,179,180
		Subsidiary Companies			
	45,162,412	Shares		36,451,542	
	58,592,647	Amounts owing by subsidiaries		107,313,239	
	<u>103,755,059</u>			<u>143,764,781</u>	
	8,504,104	Less: Amounts owing to subsidiaries		34,109,068	
95,250,955					109,655,713
		Associated Companies at Cost			701,811
		Market Value £830,000			
100,000		Unquoted Investment at Cost			—
		Directors' Valuation: (1971 £100,000)			
		Current Assets			
	33,774	Debtors		7,413	
	688,765	Bank balances and cash		38,817	
722,539	<u></u>			<u></u>	46,230
		J. D. SLATER	} Directors		
		JOHN FORD			
<u>£97,873,056</u>					<u>£112,582,934</u>

m part of these accounts

Notes on the Accounts

1. ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated accounts include the audited accounts of the Company and all its subsidiaries, other than four wholly owned insurance companies, and incorporate the Group's interest in associated companies on the basis set out below.

The profit before taxation includes the results of subsidiaries and associated companies acquired during the year from the effective dates of their acquisition. Only dividends received are included in respect of companies which ceased to be subsidiaries during the year.

The excess of cost of shares in subsidiaries acquired over their attributable net tangible assets is debited to reserves.

(b) Associated Companies

- (i) The share of profits of associated companies relates only to companies other than subsidiaries in which the Group holds not less than 20% of the equity as a long term investment and exercises a significant influence in their management. The profits of the companies listed on page 29 where shareholdings exceed 20% are not included. These companies are in the main investment banking clients where the Group takes no part in the management other than acting as financial advisers and the shareholdings are subject to fluctuation.
- (ii) The Group's investments in quoted associated companies are stated at their market values. Unquoted holdings in associated companies are stated at Directors' valuation. The Group's share of profits of associated companies is included in the consolidated profit and loss account. The difference between the amounts thus included and the changes in value in the year is transferred to reserves.
- (iii) In general the profits of associated companies referred to above are based on audited accounts made up to 31st December. In the case of certain such companies having different financial year-ends management accounts covering the intervening periods are used.

(c) Banking Profits

The accounts of Slater, Walker Limited are prepared on the basis authorised for banking companies and are consolidated accordingly. Its profits after transfers to inner reserves are included under investment banking in the analysis set out in the report of the directors on page 11. The inner reserves at the year-end are included in the consolidated balance sheet in creditors, deposits and short-term loans.

(d) Insurance Company Subsidiaries

The Directors are of the opinion that the business of these four wholly owned subsidiaries is so different from that of the rest of the Group that it would not be meaningful to include them in the consolidated accounts. These companies are accordingly included in the consolidated balance sheet at cost, no contribution other than dividends declared for the year being included in the consolidated profit and loss account.

The accounts of these companies are prepared on the basis authorised for insurance companies and their combined balance sheets are summarised in Note 10.

(e) Investments

The investments stated at cost in the consolidated balance sheet are those held by investment companies and are, in the main, the Group's long-term holdings. Realised profits or losses on sales of these investments are taken directly to reserves.

Investments held as current assets are valued at the lower of cost and net realisable value. These are held by dealing companies and are generally held for the short term. Realised profits or losses on sales of these investments are taken to profit and loss account.

Should the policy in respect of a particular holding be changed the resulting transfer between investment and dealing companies is made at market price and any unrealised profit is eliminated on consolidation.

(f) Depreciation

No depreciation is provided on freehold properties. All other fixed assets are written off over their estimated useful lives on a straight line basis.

(g) Foreign Currencies

Assets and liabilities in foreign currencies are converted at the rates of exchange ruling on the balance sheet date.

Realised gains and losses on revenue transactions in currencies other than sterling are included in the profit and loss account. Those arising on capital transactions are included in reserves.

Unrealised gains and losses arising from the translation into sterling of the accounts of subsidiaries and associated companies prepared in foreign currencies are dealt with as follows:—

- (i) Differences in the sterling value of undistributed profits brought forward at the beginning of the year arising from changes in parities are adjusted in the profit and loss account as a prior year item.
- (ii) Differences in the sterling value of share capital and reserves arising from changes in parities are adjusted in reserves (see Note 5).

(h) Property Development

Interest payable in respect of properties under development is capitalised in the Group's accounts.

Properties held for resale are included under current assets and are stated at the lower of cost and market value.

(i) Instalment Credit—Unearned Interest Charges

In calculating the unearned interest charges, credit is taken immediately for an amount representing the estimated cost of creating the new business. The balance of interest charges is spread forward throughout the period of the agreement by reference to the "Rule of 78" method.

Notes on the Accounts

2. CONSOLIDATED PROFIT AND LOSS ACCOUNT

1971 £		1972 £
£101,068,491	(a) Turnover comprises only the net amounts invoiced to customers by subsidiary companies in the course of commercial and industrial activities	£704,912
	(b) The profit of the Company and its subsidiaries is arrived at:—	
	After crediting	
	Income from investments, gross	
1,417,913	Quoted	1,541,275
403,285	Unquoted	244,464
131,653	Rents receivable less outgoings	524,016
	After charging	
1,396,950	Depreciation	272,026
	Remuneration of Directors—Fees	—
103,457	—Other Emoluments	182,789
134,857	Remuneration of Auditors	115,968
	Interest payable, gross (other than by Slater, Walker Limited)	
1,616,770	Bank overdrafts and other loans repayable within five years	1,341,675
1,135,759	8% Unsecured Loan Stock 1973	725,132
1,622,086	Other Unsecured Loan Stocks	3,701,031
331,780	Long-term loans of subsidiaries repayable within five years	340,172
90,452	Other long-term loans of subsidiaries	1,006,277
	(c) Dividends are stated before deduction of income tax with the exception of the proposed final dividend for 1972 which will be paid under the imputation tax system.	
	(d) The net profit of the Group has been dealt with in the accounts of the holding company to the extent of £5,118,408 (1971 : £5,583,751).	

3. EARNINGS PER SHARE

The figure for basic earnings per share is calculated on the net profit of the Group attributable to ordinary shareholders of £11,963,037 (1971 : £9,318,109) and on the weighted average of 69,943,810 ordinary shares in issue during the year (1971 : 66,457,269) after adjusting for the one-for-three capitalisation issue in July, 1972.

The figure for fully diluted earnings per share is calculated on adjusted earnings of £12,960,000 and 80,010,000 ordinary shares issued and issuable and has been arrived at on the following assumptions:—

- the outstanding share options had been exercised;
- the subscription and conversion rights attaching to certain loan stock and bonds had been exercised;
- the warrants to subscribe for ordinary shares had been exercised;
- the balance of the monies due on the incentive scheme shares had been paid up;
- the proceeds of subscription in each case had been invested in 2½ per cent. Consolidated Stock.

No figure is shown for 1971 as the assumptions at that time are no longer valid.

4. SHARE CAPITAL

(a) Authorised

At an Extraordinary General Meeting held on 1st June, 1972, the Authorised Share Capital was increased by the creation of 26,000,000 ordinary shares of 25p each and at 31st December, 1972, consisted of 3,637,500 6¾% cumulative preference shares of £1 each and 90,000,000 ordinary shares of 25p each.

The rate of preferential dividend attaching to the preference shares was increased from 5¾% to 6¾% with effect from 1st June, 1972.

(b) Issued

Ordinary shares of 25p

Fully paid

Issued at 31st December, 1971	13,089,354	
Issued as fully paid in respect of capitalisation issue on a one-for-three basis on 14th July, 1972	4,366,357	
Issued in respect of a company acquired during the previous year	216	
Issued for cash on the exercise of subscription rights by holders of 8% Unsecured Loan Stock 1973	26,727	
Issued for cash on the exercise of subscription rights by holders of 1973 warrants to subscribe for ordinary shares	74,238	
Issued for cash under the share option scheme	20,171	
		17,577,063

Partly paid

Issued for cash during previous years under the terms of the share incentive scheme (see Note (c) below)	4,200
Issued for cash during the year under the terms of the share incentive scheme	56

Fully paid with restricted rights

Issued as fully paid in respect of capitalisation issue on a one-for-three basis on 14th July, 1972 (see Note (c) below)	92,332
--	--------

6¾% Cumulative preference shares of £1 fully paid

96,588
3,363,629
<u>£21,037,280</u>

Notes on the Accounts

(c) Partly paid and fully paid with restricted rights

At 31st December, 1972, partly paid ordinary shares to the nominal value of £277,025 had been allotted at prices between 144p and 390p per share and fully paid shares to the nominal value of £92,332 had been allotted to executives under the terms of the share incentive scheme approved by shareholders at the Extraordinary General Meeting held on 7th July, 1970. The fully paid shares carry identical restricted rights to the partly paid shares until such time as the partly paid shares are fully paid up.

(d) Share options

There were outstanding at 31st December, 1972, options granted to a Director and executives to subscribe for ordinary shares to the nominal value of £35,133 at prices between 32p and 269p per share. The options held by the Director were all granted to him before he became a Director. These options are capable of being exercised over varying periods up to August, 1980, and options in respect of ordinary shares to the nominal value of £23,400 were exercisable at 31st December, 1972.

(e) Subscription rights

There were outstanding at 31st December, 1972, rights attaching to the 8% Unsecured Loan Stock 1973 to subscribe for ordinary shares to the nominal value of £218,975 (see Note 6).

(f) 1973 Warrants to subscribe for ordinary shares

There were outstanding at 31st December, 1972, rights attaching to the 1973 warrants to subscribe for ordinary shares to the nominal value of £637,052.

Each 1973 warrant confers the right to subscribe for $1\frac{1}{3}$ ordinary shares of 25p each at £1.4765625 per share on 31st May, 1973. Rights not exercised on the 31st May, 1973, will lapse and the warrants will be of no further value.

(g) Warrants to subscribe for ordinary shares

There were outstanding at 31st December, 1972, warrants to subscribe for ordinary shares to the nominal value of £689,736 at a price of 225p per share.

Each warrant confers the right to subscribe for $1\frac{1}{3}$ ordinary shares of 25p each at 225p per share. There are no restrictions on the subscription rights attached to the warrants which are exercisable during any period of any year and there is no final date by which such rights must be exercised.

(h) Slater, Walker International Finance Limited

There were outstanding at 31st December, 1972, rights attaching to the 5¼% Guaranteed U.S. Dollar Convertible Bonds due 1987 to convert into ordinary shares of Slater, Walker Securities Limited to the nominal value of £475,283. Holders are entitled to convert at any time after 1st January, 1973, and prior to maturity into fully paid ordinary shares of Slater, Walker Securities Limited at a conversion price of £3.33 per share, based on a fixed exchange rate of £1=U.S. \$2.60 throughout the life of the Bonds.

5. RESERVES

	Company £	Group £
Balance at 31st December, 1971	406,894	19,441,877
Surplus arising on valuation of investments in associated companies		12,977,167
Excess of proceeds from disposal of shares in associated and subsidiary companies sold in the year over book values		11,285,950
Net profits on sale of investments held by investment companies	1,554,785	3,292,200
Net profits on sale of properties held by property investment companies		1,038,602
Surplus arising on professional valuations of certain properties		9,689,129
Net gain (loss) on exchange (Note 1 (g))	(90,065)	2,671,168
	1,871,614	60,396,093
Excess of cost of shares in subsidiaries over attributable net tangible assets		(4,288,119)
Expenses of issue of bonds and loan notes of a subsidiary	(932,010)	(932,010)
	939,604	55,175,964
Share Premium Account (see Note (b) below)	20,200,367	20,200,367
	<u>£21,139,971</u>	<u>£75,376,331</u>

Notes: (a) The liability to taxation arising on net profits on sales of investments and properties and surpluses on subsidiary and associated companies sold has been reduced or extinguished by reason of losses brought forward and by reason of differences between the treatment for taxation and accounting purposes.

(b) Share Premium Account

	£
Balance at 31st December, 1971	24,444,609
Applied in issuing as fully paid 17,834,755 ordinary shares of 25p each on 14th July, 1972, in respect of a one-for-three capitalisation issue	(4,458,689)

19,985,920

Arising during year:

On acquisition of associated company	4,839
On exercise of options by executives of the Company	93,081
On partly paid shares issued under the executive share incentive scheme	747
On exercise of subscription rights by holders of 8% Unsecured Loan Stock 1973	131,129
On exercise of subscription rights by holders of 1973 warrants to subscribe for ordinary shares	364,230
Cost of increasing share capital and loan stock	(379,579)
	<u>£20,200,367</u>

Notes on the Accounts

6. UNSECURED LOAN STOCKS

1971		1972
£		£
16,784,316	8% Unsecured Loan Stock 1973	5,089,040
2,949,500	9½% Unsecured Loan Stock 1988/93	2,949,500
16,125,698	9½% Unsecured Loan Stock 1991/96	16,125,698
9,270,487	9% Unsecured Loan Stock 1991/96	19,270,487
—	9¼% Unsecured Loan Stock 1997/2002	11,695,276
<u>£45,130,001</u>		<u>£55,130,001</u>

Of the 8% Unsecured Loan Stock 1973 £3,284,622 carry subscription rights entitling holders to subscribe for a total of 26⅔ ordinary shares for every £100 nominal of Stock, exercisable on 31st May, 1973, at a price of £1·4765625 per share. If not previously redeemed all the outstanding stock will be repaid at par on 31st May, 1973.

If not previously redeemed the 9½% Unsecured Loan Stock 1988/93 will be repaid at par on 31st December, 1993, the 9½% Unsecured Loan Stock 1991/96 will be repaid at par on 30th September, 1996, the 9% Unsecured Loan Stock 1991/96 will be repaid at par on 31st December, 1996, and the 9¼% Unsecured Loan Stock 1997/2002 will be repaid at par on 31st December, 2002.

The rate of interest payable on the 7% Unsecured Loan Stock 1973 was increased to 8% with effect from 1st June, 1972. The rate of interest payable on the 8½% Unsecured Loan Stock 1988/93 and the 8½% Unsecured Loan Stock 1991/96 was increased to 9½% with effect from 1st July, 1972 and 1st April, 1972, respectively.

7. LONG-TERM LOANS OF SUBSIDIARIES

Guaranteed by the Company

1971		1972
£		£
—	5¼% Guaranteed U.S. Dollar Convertible Bonds due 1987	7,004,255
—	7¼% Guaranteed Sterling/Deutsche Mark Bonds due 1987	8,964,833
—	6½% Guaranteed Swiss Franc Bearer Notes due 1977	5,654,509
—	6¼% Dutch Guilder Bearer Notes due 1976/79	7,923,407
—	7¼% Luxembourg Franc Bonds due 1987	4,803,074
—		<u>34,350,078</u>

Other

450,000	Mortgage loan 1992 at varying rates of interest	450,000
—	8½% First mortgage debenture 1988/93	250,000
—	7⅝% Mortgage repayable in equal yearly instalments between 1975 and 1980	3,300,330
—	8% Debenture repayable in equal yearly instalments between 1980 and 1987	2,938,070
—	3½% Bonds repayable in equal yearly instalments to 1978	112,211
—	7% Mortgage repayable in equal yearly instalments between 1973 and 1987	462,046
—	7¼% Mortgage repayable in equal half-yearly instalments to 1994	172,800
—	7¾% Mortgage repayable in 1985	150,000
220,000	8½% Mortgage stock repayable in equal half-yearly instalments up to 1982	—
515,464	8% Unsecured debenture stock 1973/87	—
270,619	6½% Unsecured loan notes repayable in equal yearly instalments up to 1979	—
4,675,968	Other loans wholly repayable within five years (secured : £1,416,983 (1971 : Nil))	5,574,987
<u>£6,132,051</u>		<u>£47,760,522</u>

During the year Slater, Walker International Finance Limited purchased for cancellation 3,540 5¼% Guaranteed U.S. Dollar Convertible Bonds due 1987 of \$1,000 each.

Notes on the Accounts

8. CORPORATION TAX AND DEFERRED TAXATION

1971		1972
£		£
3,007,685	Corporation tax, payable 30th September, 1973, or later	5,590,250
1,003,912	Deferred taxation	625,629
<u>£4,011,597</u>		<u>£6,215,879</u>

9. FIXED ASSETS—GROUP

	Freehold Properties £	Leasehold Properties Over 50 years £	Leasehold Properties Under 50 years £	Plant, Machinery, Vehicles, etc. £	Total £
Net book value at 31st December, 1971	23,493,208	255,475	3,026,807	5,834,881	32,610,371
Additions at cost, less investment grants	35,724,466	321,502	472,757	1,039,061	37,557,786
Assets of subsidiaries acquired during the year at cost to group	8,767,435	1,468,037	581,609	372,501	11,189,582
Less: Assets of subsidiaries disposed of	(17,129,531)	(168,250)	(304,786)	(5,540,895)	(23,143,462)
Other disposals	(2,146,842)	(28,000)	(1,397,886)	(181,385)	(3,754,113)
Depreciation charged in 1972	—	(3,179)	(87,465)	(181,382)	(272,026)
Net book value at 31st December, 1972	<u>£48,708,736</u>	<u>£1,845,585</u>	<u>£2,291,036</u>	<u>£1,342,781</u>	<u>£54,188,138</u>
Representing assets stated at:—					
Cost	27,407,538	851,345	839,822	1,776,975	30,875,680
Valuation	21,896,626	1,015,203	1,665,600	—	24,577,429
Less: Accumulated depreciation	(595,428)	(20,963)	(214,386)	(434,194)	(1,264,971)
	<u>£48,708,736</u>	<u>£1,845,585</u>	<u>£2,291,036</u>	<u>£1,342,781</u>	<u>£54,188,138</u>

Notes:

(a) The fixed assets of Slater, Walker Securities Limited having a net book value of £2,179,180 at 31st December, 1972 (1971 : £1,799,562) are included above.

(b) The assets included at valuation above were valued:—

In 1972—

(i) On an open market basis by:—

Conrad Ritblat & Co.
Dick Stradmeijer & Jorrit de Jong B.V.
Druce & Co.
Fletcher, King & Megran
Kenneth Ryden & Partners

£

21,314,735

(ii) On an open market basis by the Directors

273,658

21,588,393

In 1971

691,622

1970

1,626,500

1968

236,598

1957

434,316

£24,577,429

Notes on the Accounts

10. INSURANCE COMPANIES

The Group's wholly owned insurance companies are:—

Blackburn Assurance Company Limited.
Slater, Walker Insurance Company Limited.
Slater, Walker Insurance Company (C.I.) Limited.
The Pioneer Life Assurance Company Limited.

The accounts of these companies are prepared on the basis authorised for insurance companies and their combined balance sheets at 31st December, 1972, are summarised as follows:—

1971			1972	
£	£		£	£
3,637,106		Share capital and reserves		3,714,887
42,549,905		Long-term insurance funds and reserves		74,000,667
		Fire, accident and marine funds		948,647
		Current liabilities and provisions		
	2,007,706	Creditors	6,573,899	
	152,165	Taxation	412,305	
	3,160,602	Net amount due to Slater, Walker Group (see Note below)	—	
	55,981	Bank overdraft	99,059	
5,376,454				7,085,263
£51,563,465				£85,749,464
		Fixed assets		
132,565		Plant, machinery, vehicles, etc. at cost less depreciation		171,351
		Investments		
	27,512,701	Quoted at cost less reserves	44,548,022	
		Market value £53,734,104 (1971 : £35,383,945)		
	1,559,934	Unquoted at cost	11,126,148	
	759,070	Loans	949,022	
	12,601,379	Mortgages on property	12,446,417	
	1,781,580	Freehold property and ground rents	1,681,595	
	102,435	Leasehold ground rents	2,742,320	
44,317,099				73,493,524
		Current assets		
	3,774,219	Debtors	5,421,229	
		Net amount due from Slater, Walker Group (see Note below)	854,192	
	2,649,918	Bank balances and cash	5,122,798	
6,424,137				11,398,219
689,664		Goodwill		686,370
£51,563,465				£85,749,464

Note : This amount is included in creditors, deposits and short-term loans (1971 : debtors, loans and advances) in the consolidated balance sheet.

11. ASSOCIATED COMPANIES

1971			1972	
Cost to Group £	Market value or Directors' valuation £		Cost to Group £	Market Value or Directors' valuation £
4,781,251	7,474,312	Quoted in the United Kingdom	31,904,662	32,403,032
10,178,769	11,224,542	Quoted outside the United Kingdom	22,090,026	39,809,828
3,184,657	3,643,657	Unquoted	403,317	403,317
£18,144,677	£22,342,511		£54,398,005	£72,616,177

Details of the Group's principal associated companies are set out on page 28.

Notes on the Accounts

12. INVESTMENTS

The investments included in current assets comprise:—

1971			1972	
£	Market/ Directors' valuation £		£	Market/ Directors' valuation £
18,862,777	26,757,404	(a) Shares at the lower of cost and market value	12,358,684	17,249,623
4,124,304	7,551,243	Quoted in the United Kingdom	9,869,224	24,638,512
4,216,716	4,342,332	Quoted outside the United Kingdom	67,937	67,937
		(b) Unquoted at the lower of cost and Directors' valuation		
<u>£27,203,797</u>	<u>£38,650,979</u>		<u>£22,295,845</u>	<u>£41,956,072</u>

13. CONTINGENT LIABILITIES

The Company has guaranteed certain borrowings of subsidiary companies which at 31st December, 1972, amounted to £34,350,078 (1971 : £1,263,282).

Certain subsidiary companies have contingent liabilities in respect of guarantees, indemnities and bills discounted amounting to £2,982,126 (1971 : £1,891,531). The contingent liabilities incurred by Slater, Walker Limited in the normal course of its business are not included.

14. FUTURE CAPITAL EXPENDITURE

At 31st December, 1972, the Group had:—

- (a) Contracts for capital expenditure amounting to £12,933,991 (1971 : £277,111).
- (b) Capital expenditure authorised but not contracted for amounting to £4,800,111 (1971 : £277,965).
- (c) Conditional contracts to acquire properties amounting to Nil (1971 : £1,283,000).

The Company had commitments for capital expenditure at 31st December, 1972, amounting to £290,000 (1971 : Nil).

15. TAXATION

Provision for U.K. corporation tax has been made at the rate of 40%. The profit for the year includes franked investment income and profits arising overseas which are not subject to taxation unless they are remitted to the U.K.

Provision has also been made for the estimated deferred liability at the rates applying at 31st December, 1972 resulting from depreciation eligible for tax purposes exceeding that charged in the accounts and from certain other items treated differently for book and tax purposes.

No deferred taxation has been set up in respect of the liability which might arise if assets included in the accounts at valuation were to be disposed of at the amounts thus included, for the following reasons:—

- (a) substantial tax losses for capital gains purposes are available although the amount of these may be affected by negotiations with the tax authorities and the total cannot at present be computed;
- (b) differences between the treatment for taxation and accounting purposes;
- (c) there is at present no intention of disposing of the assets in question.

On the basis of the best information available the liability, if these assets were to be disposed of for the amounts at which they are stated in the accounts, would not exceed £3 million and since all the surpluses of valuation over cost have been credited to reserves any taxation liabilities on such disposals would be charged thereto.

16. REMUNERATION OF DIRECTORS AND EMPLOYEES

1971			1972
£21,250			£30,750
	Emoluments of Chairman		
	Other Directors:—		
	Number of Directors in receipt of emoluments within the ranges:—		
1	£5,001 to £7,500		—
4	£15,001 to £17,500		1
	£22,501 to £25,000		3
	£25,001 to £27,500		1
	£27,501 to £30,000		1
	Number of employees of U.K. subsidiary companies within the Group at 31st December, 1972		
	receiving more than £10,000 per annum:—		
10	£10,001 to £12,500		8
4	£12,501 to £15,000		9
—	£15,001 to £17,500		4

Subsidiary Companies

Investment Banking

Slater, Walker Limited
Slater, Walker of America Limited
Slater, Walker Bank A.G. (Incorporated in the Federal Republic of Germany)
Slater, Walker (Bahamas) Limited (Incorporated in the Bahamas)
Slater, Walker (Belgium) S.A. (Incorporated in Belgium)
Slater, Walker France S.A. (Incorporated in France)
Slater, Walker (Guernsey) Limited (Incorporated in Guernsey)
Slater, Walker Holland B.V. (Incorporated in The Netherlands)
Slater, Walker (Hong Kong) Limited (Incorporated in Hong Kong)
Slater Walker Hutchison Limited (Incorporated in Hong Kong) (60%)
Slater, Walker Investments Limited
Slater, Walker (Ireland) Limited (Incorporated in the Republic of Ireland)
Slater, Walker (Isle of Man) Limited (Incorporated in the Isle of Man)
Slater, Walker (Jersey) Limited (Incorporated in Jersey)
Slater, Walker (Singapore) Limited (Incorporated in Singapore)
Slater, Walker Trust Management Limited
Swalcan Limited (Incorporated in Canada)
Thomas Brown and Sons Limited

Insurance

Blackburn Assurance Company Limited
Slater, Walker Insurance Company Limited
Slater, Walker Insurance Company (C.I.) Limited (Incorporated in Guernsey)
The Pioneer Life Assurance Company Limited

Property

Buckingham Properties Holdings Limited
Compagnie Financière Haussmann S.A. (Incorporated in France) (52.4%)
Compagnie Générale Foncière S.A. (Incorporated in Belgium) (66.8%)
Hellingman Maatschappij voor Belegging in - en Beheer van Onroerende Goederen N.V. (Incorporated in The Netherlands) (53.7%)
Slater, Walker Properties Limited
St. Paul's Securities Limited (75%)

Instalment Credit

Slater, Walker Finance Corporation Limited (84.97%)

Notes:

1. These were the principal subsidiary companies at 31st December, 1972. The Directors have omitted details of other subsidiary companies as they consider that the list would otherwise be of excessive length.
2. With the exceptions of Slater, Walker Limited and Slater, Walker (Hong Kong) Limited the above companies were owned by subsidiaries of Slater, Walker Securities Limited.
3. Except where stated, all the above companies were wholly owned and were incorporated in Great Britain and registered in England.
4. The country of operation of each of the above subsidiary companies was the same as the country of incorporation except in the cases of Slater, Walker of America Limited and Thomas Brown and Sons Limited which operated in the United States of America and Australia respectively.

Associated Companies

Company	Activities	% of Ordinary share capital held by Group
Crittall-Hope Engineering Limited	Industrial holding company	47.9
Slater Walker Australia Limited (Incorporated in New South Wales)	Investment banking	34.4
Slater, Walker of Canada Limited (Incorporated in Canada)	Investment banking	43.0
Slater, Walker Dual Trust Limited	Investment trust	49.6
Slater, Walker Investment Trust Limited	Investment trust	32.6
Slater, Walker Overseas Investments Limited (Incorporated in Hong Kong)	Investment company	35.0
Slater, Walker Securities (South Africa) Limited (Incorporated in the Republic of South Africa)	Investment banking	36.8
The Solicitors' Law Stationery Society, Limited	Printing and stationery	25.0

Notes:

1. These were the principal associated companies in which the Group held more than 20% of the ordinary share capital. The Directors have omitted details of other associated companies as they consider that the list would otherwise be of excessive length.
2. Unless otherwise stated the companies listed are all incorporated in Great Britain and registered in England.
3. The above percentages include certain holdings classified as current assets which have not been treated as associated companies for accounting purposes.

Investments in Other Companies

Company	Activities	% of Ordinary share capital held by Group
Cranleigh Group Limited	Coach body builders and engineers	10.0
Haw Par Brothers International Limited (Incorporated in Singapore)	Investment banking	19.1
James Finlay & Company Limited (Registered in Scotland)	Trading and investment company	15.0
Marcroft & Company Limited	Rolling stock repair and general engineering	17.8
New Bridge Holdings Limited (Incorporated in the Republic of Ireland)	Investment trust	20.8
Schubert & Salzer Maschinenfabrik A.G. (Incorporated in the Federal Republic of Germany)	Textile machinery manufacturing	32.2
Southern Pacific Properties Limited (Incorporated in Hong Kong)	Pacific hotels and property development	13.0
Sterling Land Company Limited	Property investment and development	20.1
Whinsparken Investments Limited	Investment trust	25.0

Notes:

1. These were the principal companies in which the Group held 10% or more of the ordinary share capital. The Directors have omitted details of smaller investments as they consider that the list would otherwise be of excessive length.
2. Unless otherwise stated the companies listed are all incorporated in Great Britain and registered in England.

